

Message Text

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ACTION EB-05

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PASS EXIM BANK

E.O. 11652: N/A

TAGS: BEXP, EFIN, KS

SUBJECT: HAKUK PAPER PLANS SECOND MILL

1. COMATT CALLED OCTOBER 2 ON DONG-BUM CHI, MANAGING
DIRECTOR OF HANKUK PAPER MFG. CO., LTD. TO DISCUSS
POSSIBLE EXPANSION AND NEED FOR EQUIPMENT AND FINANCING.

2. CHI SAID BUSINESS WAS GOOD AND SALES WOULD AMOUNT TO W7
BILLION THIS YEAR COMPARED WITH W4.5 BILLION IN 1972.
LARGE PART OF INCREASE IS DUE TO PRICE RISES SINCE
PRODUCTION WOULD GO UP FROM 36,000 TONS TO 40,000 TONS THIS
YEAR.

3. HANKUK PAPER THUS ADDED RECENTLY ONE BLADE COATER
MACHINE AT COST OF \$550,000. MACHINE WAS BLACK CLAWSON
MADE IN JAPAN BY ISHIKAWAJIMA-HARIMA INDUSTRIES. PLANT IN
ANYANG NOW NEEDED ONE ADDITIONAL FOURDRINIER PAPER
MACHINE TO PROVIDE ADDITIONAL BASE PAPER FOR NEW BLADE
COATER.

4. CHI INFORMED THAT NEW PAPER MACHINE UNIT MAY BE
PLACED IN SECOND PLANT NOW BEING PLANNED FOR ULSAN OR
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KWANGYANG. MILL IN ANYANG IS IN CENTER OF TOWN AND HAS NO

ROOM FOR EXPANSION. SITING OF SECOND MILL IS DEPENDENT ON ROKG DECISION ON INDUSTRIAL ZONING IN ULSAN AND KWANGYANG, BUT CONSTRUCTION WILL PROBABLY BE STARTED IN 1974.

5. HALF OF ANYANG MILL EQUIPMENT IS IHI/BC MACHINERY, BUT FIRM PREFERS U.S. MADE BLACK CLAWSON. HANKUK PAPER HAS ALREADY CONTACTED OTHER U.S. MAKERS SUCH AS MANCHESTER, SANDY HILL, BELOIT, ETC. CHI STRESSED THAT COMPANY IS PLANNING TO USE U.S. EQUIPMENT NOT ONLY ON BASIS OF PRICE AND QUALITY BUT ALSO IN CONSONANCE WITH ROKG POLICY OF ENCOURAGING U.S. SOURCING.

6. CHI STATED HANKUK PAPER WAS INTERESTED IN U.S. FINANCING, AND WE EXPLAINED AVAILABILITY OF U.S. EXIMBANK FUNDS AND PROMISED TO ALERT BOTH EXIMBANK AND LOCAL BRANCHES OF U.S. BANKS. FROM ONE INDUSTRY SOURCE, WE BELIEVE SECOND MILL WOULD COST ABOUT \$6 MILLION.

7. OTHER POINTS OF INTEREST DISCUSSED INCLUDED HANKUK PAPER'S PLANNING FOR JOINT VENTURE IN INDONESIA OR TAIWAN FOR PULP PRODUCTION. CHI INTIMATED THIS WAS MOST FEASIBLE COURSE FOR KOREAN PAPER MAKERS, THAT IS, TO LOCATE PULP PLANT AT SOURCE OF SUPPLY OF WOOD CHIPS. AS FOR OFT-PROPOSED PLUP PLANT IN KOREA, CHI HAD HEARD NOTHING NEW OTHER THAN ONE PROPOSED JAPANESE JOINT VENTURE AND ANOTHER POSSIBILITY INVOLVING WEYERHAUSER. CF. SEOUL 5976.
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